



U.S. SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416

DEC 29 2006

The Honorable Olympia J. Snowe  
Chair, Committee on Small Business and Entrepreneurship  
154 Russell Senate Office Building  
Washington, DC 20510

Dear Chair Snowe:

I appreciated the opportunity to brief your staff on November 14, 2006, regarding the U.S. Small Business Administration's (SBA's) efforts to expand opportunities for small businesses by increasing the accountability of acquisition agencies, and improving the transparency of Federal contracting reporting.

In brief, SBA has published a new small business size recertification regulation, and with the Office of Federal Procurement Policy (OFPP), has requested that agencies review their Fiscal Year 2005 procurement data and identify any necessary changes to help resolve apparent discrepancies in the Federal Procurement Data System-Next Generation. Further, with publication of FY 2006 Small Business Goaling Report, SBA will implement a Small Business Procurement Scorecard.

The Small Business Procurement Scorecard will hold agencies accountable for achieving small business procurement goals and implementing the President's contract bundling strategy through several measures. Specifically, to achieve a 'yellow' or 'green' status, an acquisition agency must demonstrate, among other things, that it has implemented a strategy to increase the number of competitively awarded contracts to small businesses; made a top-down commitment to small business contracting; and has a comprehensive, documented, small business program that focuses on improving the competitive environment, and increasing small business participation in the procurement process. SBA will review and evaluate each federal agency's adherence to its small business plan and advise them when we believe additional small business contracting opportunities have been overlooked.

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Per your staff's request, I am pleased to forward a copy of the Administrator of OFPP's letter of November 17, 2006, outlining our efforts to increase small business opportunities in Federal contracting through greater accountability and transparency.

Thank you for your continued interest in the SBA and its programs, and in increasing opportunities for small businesses to succeed and prosper.

Sincerely,

A handwritten signature in dark ink, appearing to read 'C. Rowe', with a stylized flourish at the end.

C.E. "Tee" Rowe  
Associate administrator  
Congressional Affairs

Enclosure



OFFICE OF FEDERAL  
PROCUREMENT POLICY

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

November 17, 2006

The Honorable Olympia J. Snowe  
Chair  
Committee on Small Business and Entrepreneurship  
154 Russell Senate Office Building  
Washington, DC 20510

Dear Chair Snowe:

On August 3, 2006, we assured you that the Office of Management and Budget remains firmly committed to providing maximum contracting opportunities for small businesses. This letter provides the status of the actions we have taken to date.

- Increasing Agency Accountability
  - Small Business Procurement (SBP) Scorecard. We have worked closely with the Small Business Administration (SBA) to develop a scorecard that will hold agencies accountable for improving success in achieving small business procurement goals and implementing the President's contract bundling strategy. Enclosed is a copy of the SBA/Office of Federal Procurement Policy (OFPP) letter to the heads of agencies announcing the scorecard. Consistent with SBA's statutory responsibilities, SBA will manage the scorecard using the President's Management Agenda format. SBA will begin scoring agencies upon release of the Fiscal Year 2006 small business procurement data, which we anticipate in January.
- Increasing Transparency
  - Small Business Recertification Regulation. We are working with SBA to change the rules on reporting small business size status. SBA has issued a regulation that, among other things, requires recertification of business status prior to the end of the fifth year of the contract, when contract options are exercised after the five-year period, or when a small business is purchased by, or merged with, another business. The regulation recognizes the need for more accurate and timely data on business size, as agencies increasingly use longer-term contracts. We believe that the regulation strikes the right balance between fostering growth and accurate data gathering. We will oversee modifications to the Federal Procurement Data System (FPDS) to incorporate changes required by the new regulation.



- Small Business Data Verification. OFPP and SBA recently sent guidance to agencies regarding their responsibility to submit accurate data to FPDS and verify the accuracy of such data. Recent reports have questioned the accuracy of small business procurement achievements, suggesting that several reported small business contracts and related contract actions were actually awarded to contractors that were not small. We asked agency heads to direct their Chief Acquisition Officers to work closely with SBA to correct or reconcile any apparent data inaccuracies and reporting discrepancies.

Additionally, I am pleased to inform you that SBA has agreed to increase the number of its procurement center representatives (PCRs), in recognition of the important role they play in successfully implementing the President's contract bundling strategy, as well as the Administration's overall Small Business Agenda. In addition, SBA is undertaking a number of initiatives to improve the effectiveness of their PCRs through better technology and business process reengineering.

Finally, I have established a Deputy Administrator position in OFPP with increased responsibility for small business issues. Along with myself, the Deputy Administrator will take a lead role in overseeing and directing our initiatives to increase contracting opportunities for small businesses.

We will keep you informed about our progress in pursuing these important actions.

Sincerely,



Paul A. Denett  
Administrator

Enclosure

cc:

The Honorable Steven C. Preston  
Administrator  
Small Business Administration



November 14, 2006

The Honorable Mike O. Johanns  
Secretary of the Department of Agriculture  
Washington, DC 20250

Dear Mr. Secretary:

The Office of Management and Budget's Office of Federal Procurement Policy (OFPP) and the U.S. Small Business Administration (SBA) are pleased to officially announce the implementation of the Small Business Procurement (SBP) Scorecard. This concept has been discussed at several interagency meetings, including the Chief Acquisition Officers (CAO) Council and the Small Business Procurement Advisory Council (PAC). The SBP Scorecard is modeled after the President's Management Agenda (PMA) and follows the general format used for PMA scorecard items.

As you know, SBA is required by statute to analyze and report the extent of small business participation in Federal contracting. Agencies are also required by law to report their agency's small business goal achievement to SBA. This scorecard will help more aggressively track and monitor the status of each individual agency's small business goal achievement. The format will also allow agencies to tell the full story of their progress in contracting with small businesses. In the past, the government has only been able to report small business achievement in terms of percentages. Now that we have advanced reporting tools, like the Federal Procurement Data System Next Generation (FPDS-NG), we can give a complete and timely picture of small business contracting.

The SBA will be the agency responsible for setting the criteria and evaluating achievement of the goals as well as maintaining the SBP Scorecard. Each agency will submit their progress semi-annually to SBA and, in turn, SBA will rate each agency according to the criteria set forth in the enclosed "standards for success" document. The primary criteria for reaching a green score will be individual agency goal achievement, along with other qualitative rating elements that relate to small business contracting. As with the PMA Scorecard, there will be ratings for status and progress. The status and progress elements will give context to achievement, as well as explanations for missed goals and actions planned to reach goals. Agencies will also receive progress credit for improvement over previous years.

The Department of Agriculture's small business goal achievement for Fiscal Year (FY) 2005 was 49.53%. Once the FY 2006 data is released, which we anticipate in January, SBA will score your agency using the enclosed scorecard criteria and, at that time, the public will have access to

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The Honorable Mike O. Johanns

the SBP scorecard from SBA's website. Your progress and status score will be assessed at the mid-year point of FY 2007. SBA will work with your agency's CAO and Small and Disadvantaged Business Utilization Office on these activities.

The SBA and OFPP are committed to creating an environment where small businesses can flourish, by ensuring that small business achievements are reported accurately and that agency acquisition planning maximizes opportunities for small businesses. The scorecard is an important tool to help us create and sustain this environment.

Sincerely yours,



Steven C. Preston  
Administrator  
U.S. Small Business Administration



Paul A. Denett  
Administrator, OFPP  
Office of Management and Budget



Enclosure

cc: USDA Chief Acquisition Officer  
USDA OSDBU Director

Identical letters were sent to all agency heads with agency specific small business goal achievement percentages.



# SMALL BUSINESS PROCUREMENT SCORECARD – DEPARTMENT OF X

	CURRENT STATUS (As of [insert date])	PROGRESS (As of [insert date])	COMMENTS
<p><b>Initiative</b></p> <p><b>SMALL BUSINESS PROCUREMENT</b></p> <p><b>Agency Lead:</b> Senior Procurement Executive/Chief Acquisition Officer</p> <p><b>Office of Small Disadvantaged Business Utilization Director</b></p>	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">  Color         </div> <div> <p><b>GREEN STANDARDS</b></p> <p>___ Meets the small business goal, at least 3 socio-economic goals, and shows improvement in the remaining 2 goals</p> <p>___ Meets all Yellow standards</p> <p><b>YELLOW STANDARDS</b></p> <p>___ Meets the small business goals, at least 2 additional socio-economic goals, and improves in at least one of the unmet goals. Credit can also be given for meeting 4 goals, regardless of which ones they are</p> <p>___ Has implemented a strategy to increase the number of competitively awarded contracts to small businesses</p> <p>___ Has demonstrated top-level Agency commitment to small business contracting</p> <p>___ Has a comprehensive small business program that includes written policies and procedures focused on improving the competitive environment and increasing small business participation in the procurement process</p> <p>___ Has small business goal achievement as a rating element for acquisition personnel</p> <p>___ Works cooperatively with SBA on outreach &amp; targeting initiatives</p> <p>___ Meets deadlines for all required strategic plans and annual reports due to SBA</p> <p>___ Has a process to ensure small business data is accurately reported in FPDS NG</p> <p>___ Enforces small business subcontracting plans and meets subcontracting goals</p> </div> </div>	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">  Color         </div> <div> <p><u>Actions taken this quarter:</u></p> <ul style="list-style-type: none"> <li>• Provide a brief summary of key actions.</li> </ul> <p><u>Planned actions for next quarter:</u></p> <ul style="list-style-type: none"> <li>• Outline key actions.</li> </ul> </div> </div>	<ul style="list-style-type: none"> <li>• Assess general progress.</li> <li>• Discuss critical actions planned.</li> <li>• Use additional bullets to explain or enhance discussion in first two columns (e.g., legislative barriers or other risks, management changes at agency, etc.)</li> </ul>

## Standards for Success

### GREEN

Agency:

- Meets the Small Business goal, at least three of the socio-economic goals (SDB, 8a, HubZone, Women, Service Disabled Veteran), and shows improvement over the previous year in the remaining two categories.
- Meets all Yellow Standards for Success

### YELLOW

Agency:

- Meets the Small Business goal, at least two of the socioeconomic goals, and shows improvement in at least one of the remaining goals. Or, agency meets 4 small business goals.
- Has implemented a strategy to increase the number of competitively awarded contracts to small businesses.
- Has demonstrated Agency commitment to small business contracting from the top (Secretary, Administrator, Director) level.
- Has a comprehensive small business program that includes written policies and procedures focused on improving the competitive environment and increasing small business participation in the procurement process.
- Has small business goal achievement as a rating element for acquisition personnel.
- Works cooperatively with the SBA on outreach and targeting initiatives.
- Meets deadlines for all required strategic plans and annual reports due to SBA
- Has a process to ensure small business data is accurately reported in FPDS NG.
- Enforces small business subcontracting plans

### RED

Agency:

- Does not meet Yellow Standards